



Virtual Assets 2024 Review and 2025 Outlook

December 2024

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2024 was a year of unprecedented growth and adoption

Rise in institutional investment, spot ETF approvals and increased political support have helped establish a robust foundation for future crypto development

January: BTC ETF approval

Approval of 11 spot Bitcoin (BTC) ETFs by the US SEC, with applications from BlackRock, Fidelity and Invesco, marked a symbolic milestone for crypto and attracted significant fund inflows

Net cumulative inflows to 11 ETFs¹ in the US



March: HKMA stablecoin sandbox

HKMA launched a stablecoin issuer sandbox, advancing the establishment of a fit-for-purpose regulatory regime and further developing Hong Kong as a crypto-friendly international financial centre

March: Dencun upgrade

Ethereum implemented EIP-4844, introducing “blobs” as temporary storage for rollup data, which has further reduced gas fees by 75% and enhanced efficiency and scalability

April: BTC halving

BTC's fourth halving led to a ~4% price drop by month-end, reflecting weaker-than-expected impacts due to market anticipation and changing institutional dynamics

April: Crypto ETF in Asia

Hong Kong debuted Asia's first spot BTC and ETH ETF, increasing competition with the US for crypto investors

May: CZ jailed

Binance founder, Changpeng Zhao, sentenced to four months in prison for neglecting anti-money laundering measures

June: EU MiCA implementation

EU implemented MiCA – centered around Asset-Referenced Tokens (ARTs) and Electronic Money Tokens (EMTs), to facilitate greater integration of crypto-assets into TradFi

July: Mt. Gox repayment

10 years after its collapse, Mt. Gox, once the world's largest crypto exchange, began to repay 140k BTC to its creditors, triggering a BTC price plunge in July

September: US Fed rate cut

BTC's price surged ~7%, returning to pre-halving levels, following the US Fed's interest rate cut of 50 basis points. This was driven by a growing appetite for higher-risk assets and participation from governments, retail and institutional investors

October: Stripe acquired Bridge

Fintech giant Stripe announced its acquisition of Bridge, a stablecoin infrastructure provider startup valued at USD 1bn, reflecting growing institutional interest in stablecoins

November: Memecoin mania

Memecoin market cap reached USD 125bn following increased engagement in the Solana-based launchpad Pump.fun. Notably, PNUt's (Peanut the Squirrel meme token) market cap rose to USD 2.3bn within a month of launch after a viral social media event

November: HYPE airdrop

Hyperliquid, the largest DEX for perpetual contracts, launched native token HYPE. The 310m HYPE tokens airdropped initially valued at USD 1.2bn rose to beyond USD 4.3bn, making it the largest airdrop in history

November: Bitcoin rose to new high post US electoral outcome

Donald Trump's electoral win preceded Bitcoin's price surge, surpassing the previous all-time high recorded in March 2024 (USD 73k), an upswing credited to his administration's pro-crypto stance and promises of crypto-friendly policies

December: Stablecoins dominated blockchain transactions

Stablecoins consistently represented over 50% of blockchain transactions during 2024, up from 3% in 2020. Over USD 5tn in adjusted volume was transacted and more than USD 1bn transactions across ~200m accounts. Total stablecoin market cap eclipsed USD 200bn in December, achieving new record highs

December: Bitcoin hit USD 100k

BTC surpassed USD 100k for the first time, achieving mainstream acceptance amid shifting global macroeconomic dynamics

Trump's nomination of Paul Atkins, former SEC commissioner and Token Alliance Co-Chairman as Gensler's SEC successor widely considered a positive indicator for the industry

Note: ¹Includes 11 major ETFs on NYSE and NASDAQ (Tickers: IBIT, FBTC, BITB, ARKB, BTCO, EABC, BRRR, HODL, BTCW, GBTC, BTC)

Sources: Binance, BlockBeats, CoinMarketCap, CoinDesk, CoinTelegraph, CNBC, Farside Investors, Forbes, Reuters, The Block, The Street Roundtable, The Verge, KPMG research and analysis

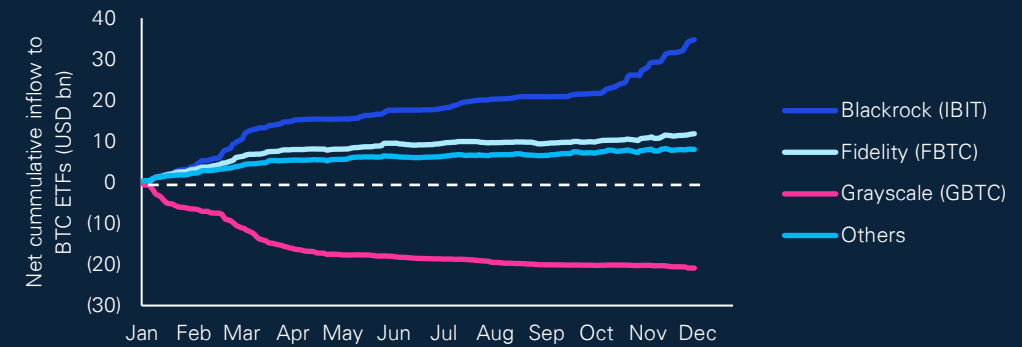
2024 in charts

Virtual assets saw price growth amid significant capital inflow, while incumbent protocols continue to iterate and innovate in a rapidly evolving ecosystem

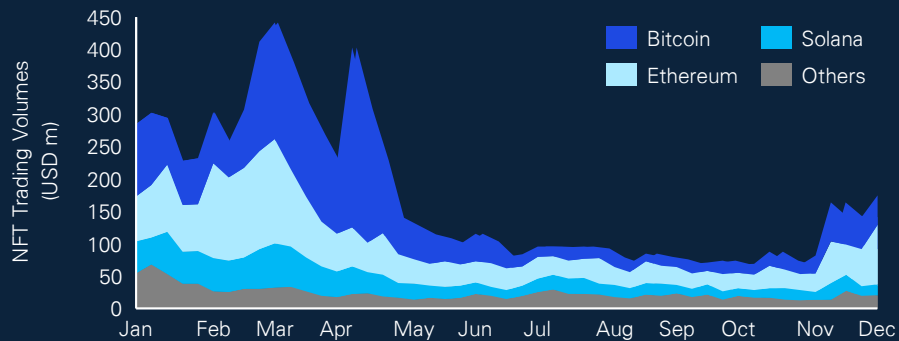
BTC broke its previous all-time-high, increasing more than 150% year-on-year



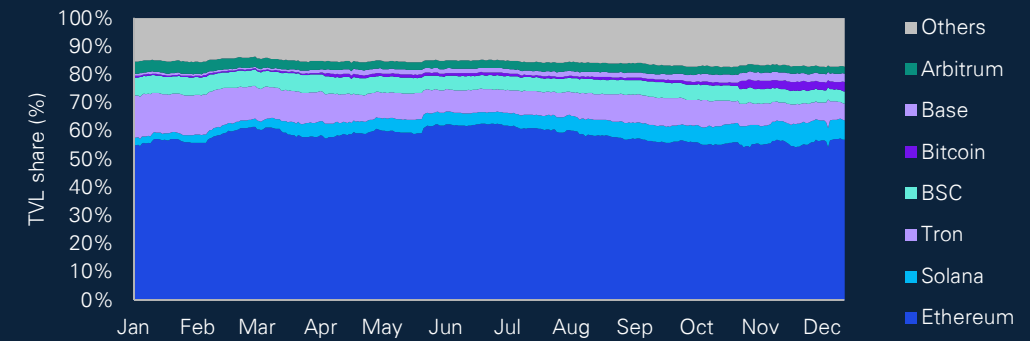
Following the approval of BTC ETFs in the US, investors swiftly exited the high-fee GBTC ETF in favour of IBIT and FBTC - the former setting the record for fastest ETF to reach USD 10b



Difficulties felt in the NFT market in 2H24 as a result of market oversaturation, cybersecurity risks and declining investor confidence



Ethereum dominated DeFi TVL, however Solana gained share with its fast transaction speeds and low fees



Note: Data up to 9 December 2024
Sources: Investing.com, DeFiLlama, The Block, Farside Investor, KPMG research and analysis

2025 is set for wider mainstream adoption of virtual assets

“ Crypto is the future. Let’s embrace this incredible technology and lead the world in digital economy.”
 Donald Trump, President-Elect, United States of America



Institutional engagement and supportive regulatory developments



Expansion of crypto ETF offerings and mainstream adoption driven by improved accessibility and visibility



TradFi’s growing involvement with crypto through platform partnerships, start-up acquisitions and offering of crypto services



Anticipation of reducing inflation and interest rates to elevate the appeal of perceived higher-risk assets such as virtual assets



Crypto-friendly US administration to usher in a new pro-business regulatory environment for the industry



Retail investors suffer from pump-and-dump schemes (e.g. DADDY, HAWK, KING), resulting in declining interest, confidence and risk aversion



Security vulnerabilities, cybercrime and quantum computing developments may undermine trust and affect market dynamics in the crypto landscape



Increased retail penetration in Asia driven by Asia’s growing share of crypto developers



Surge in widespread tokenisation of RWA catalysed by increased institutional and TradFi involvement in the RWA space



Convergence of AI and virtual assets to enable streamlined, personalised services on a decentralised, transparent ledger, maximising efficiency



Increasing investor confidence and engagement due to impending regulatory implementation in the UK, SG and AU, among others



Improved UX and security of crypto wallets and easier on-ramp options drive retail adoption



Bitcoin’s rising correlation with the S&P 500 may mean if overall markets suffer a black swan event, crypto would also be impacted



Ongoing view among market participants that crypto is a speculative asset class with limited practical use may contribute to market volatility

Sources: Binance, Bitwise, CoinMarketCap, CoinDesk, CoinTelegraph, BlockBeats, CNBC, Electric Capital, Nasdaq, The Block, Visa, KPMG research and analysis

Contacts



Barnaby Robson

Partner, Deal Advisory
Hong Kong
KPMG China
T: +852 2826 7151
E: barnaby.robson@kpmg.com



Jordan Sanders

Director, Deal Advisory
Hong Kong
KPMG China
T: +852 2913 2552
E: jordan.sanders@kpmg.com



Tom Jenkins

Partner, Head of Risk Consulting
Hong Kong
KPMG China
T: +852 2143 8570
E: tom.jenkins@kpmg.com



Paul McSheaffrey

Senior Banking Partner,
Hong Kong
KPMG China
T: +852 6354 2237
E: paul.mcsheaffrey@kpmg.com



Michelle Mok

Assistant Manager, Deal Advisory
Hong Kong
KPMG China
T: +852 2913 2566
E: michelle.mok@kpmg.com



Jacky Liu

Assistant Manager, Deal Advisory
Hong Kong
KPMG China
T: +852 2685 7373
E: jacky.y.liu@kpmg.com



Ivor Morris

Partner, Tax
Hong Kong
KPMG China
T: +852 2847 5092
E: ivor.morris@kpmg.com



Angie Dan

Analyst, Deal Advisory
Hong Kong
KPMG China
T: +852 2522 6022
E: angie.dan@kpmg.com

Glossary

Item	Description
ART	Asset-Referenced Token
AU	Australia
bn	Billion
BTC	Bitcoin
DEX	Decentralized exchange
EIP	Ethereum Improvement Proposal
EMT	Electronic Money Token
ETF	Exchange-traded Fund
ETH	Ethereum
EU	European Union
HKMA	Hong Kong Monetary Authority
k	Thousand
MiCA	Markets in Crypto-Assets Regulation
m	Million

Item	Description
PNUT	Peanut the Squirrel meme token
RWA	Real-world asset
SEC	Securities and Exchange Commission
SG	Singapore
tn	Trillion
TradFi	Traditional finance
TVL	Total Value Locked
UK	United Kingdom
US	United States
USD	United States Dollar

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